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Reducing Transportation Billing Problems
A Review of MILSTAMP Proponency

AUTHOR

Mary C. Braun

GS-13, USA

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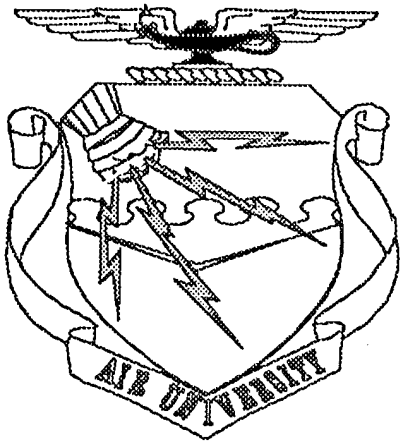

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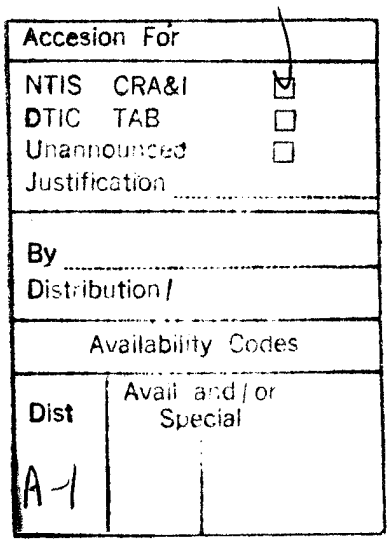

TITLE: Reducing Transportation Billing Problems, A Review of MILSTAMP Proponency

PMCS CLASS: 95-D

AUTHOR: Mary C. Braun RANK: GS-13 SERVICE: USA

DUTY ADDRESS: MTRM-F

5611 Columbia Pike

Falls Church, VA 22041-5050

PHONE: DSN: 289-0464/5

EXECUTIVE SUMMARY

In 1992, the United State Transportation Command mission was expanded from war-time transportation operations to war- and peace-time transportation operations. The focus was on training, and, in the transfer, responsibilities for policy and procedures development and guidance, and message distribution did not change. These responsibilities remain within the Logistics business arena. Among these responsibilities lies the proponency for MILSTAMP (Military Standard Transportation and Movement Procedures) regulations which prescribe procedures for preparing shipments so that transporters might be able to determine who the customers are who should be billed for transportation services. These procedures directly affect the bottom line of the Transportation business enterprise area--they affect customer billing, therefore receivables and collections, rates and cash flow. Significant unbillable receivables within the transportation component commands are due, in part, to the complex procedures prescribed in MILSTAMP.

If the CINC TRANS has to certify financial statements which attest to the condition of the Transportation business enterprise for which he is responsible, he should also have the capability to prescribe policy and procedures which directly relate to the operations of his business. To this end, USTRANSCOM should receive proponency for publication of MILSTAMP and centralized distribution of MILSTAMP related messages from the Defense Logistics Management Standards Office of the Defense Logistics Agency.

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INTRODUCTION

Military Standard Transportation and Movement Procedures (MILSTAMP), VOL II states, "All documentation for materiel moved in the DTS [Defense Transportation System] must have a TAC [transportation account code] cited in order to meet DOD fiscal requirements. TACs identify the sponsoring Service/Agency and the appropriation/fund citation to be charged for services incident to movement of materiel through the Defense Transportation System."(1:1-A-1) In March 1995, Military Traffic Management Command's (MTMC) monthly financial statement showed $13.4 million in unbillable accounts receivable--customers who could not be identified because of inaccurate or incomplete shipping documentation and, therefore, could not be billed. Of these, $9.5 million were due to invalid TACs. MTMC is only one of three component commands which bill for transportation services; each has similar problems. Receivable problems due to TAC deficiencies relate to a disjointed hierarchy of proponency, incongruent guidance distribution, and manually intensive systems. Placing transportation-related policy and procedures development responsibilities, including a centrally managed guidance and message distribution point, within the United States Transportation Command (USTRANSCOM) would reduce the potential for errors which create unacceptable receivable balances within the transportation component commands.

DISCUSSION

The Defense Logistics Management Standards Office (DLMSO) publishes MILSTAMP--a two-volume regulation which prescribes procedures for preparing shipments so that transporters are able to determine who the customers are who should be billed for the services. These

procedures include how to build account codes, which are constructed by the Services and Agencies desiring shipment within the DTS. DLMSO, a part of Defense Logistics Agency, receives its authority for MILSTAMP publication from the Department of Defense, Office of the Assistant Secretary of Defense for Acquisition and Logistics. (No reference to "Transportation" anywhere.) In addition, each Service or Agency within the DTS has a special MILSTAMP focal point; for instance, if Department of Army constructed a new account code for a new humanitarian contingency, it would have to work with Army Materiel Command (again, not a transportation activity) in order to distribute messages to transportation offices, transporters, etc. Air Force would have to contact Air Force Materiel Command, who would, in turn, have to contact DLMSO.

If this sounds like a disjointed hierarchy for transportation policy and guidance, it gets worse. The United States Transportation Command (USTRANSCOM) is a unified command assigned transportation responsibilities for all users of the Defense Transportation Service (DTS). USTRANSCOM is composed of three component commands (TCCs) which operate the DTS. Air Mobility Command (AMC), the Air Force Component of USTRANSCOM, performs airlift for fees. Military Traffic Management Command (MTMC), the Army leg of USTRANSCOM, performs surface and documentation services for which it charges its customers; and Military Sealift Command (MSC), the Navy leg of USTRANSCOM, provides sealift services for fees. Each component uses TACs and TCNs (transportation control number) to determine who to bill for transportation services.

Effects of this disjointed hierarchy are multiple. TCC finance offices are not notified

through message distribution of the establishment of new TACs. This means that when shippers are initially using new TACs, TCC accounting systems are rejecting the TACs as invalid. This results in finance and accounting personnel's researching reasons for rejected TACs, editing accounting system TAC tables after the fact, and rebilling--all unnecessary rework costing transporters, finance personnel, and shippers valuable productivity time and dollars. In addition, message traffic is frequently not distributed to the installation transportation office (ITO) level. When Army redid its TACs last year, reducing more than 500 codes to 34, message traffic was distributed to command headquarters levels--not to ITOs. MTMC Resource Management personnel became involved when problem receivable billings exceeded $99M. They identified that an obsolete Army insignificant TAC was frequently being used and, working with Department of Army Logistics Office personnel, had the message re-sent by Army Materiel Command to all transportation offices. Paradoxically, MTMC Operations offices had not received the message either and could have been giving out obsolete codes instead of the new ones.

MILSTAMP regulations state on the first page that, "It must be recognized that the movement of personnel and materiel is the prime consideration and necessary data transmittal should not be an impediment to that effort."(1:1-A-2) The first consideration that comes to mind is that this guidance is putting mission first and cleaning up the bills later, if a problem occurs. However, there are two problems with this guidance: first, a transportation component command has to pay stevedores, contractors, etc. for the work that is being performed to complete this movement with no means by which to recover the resources being paid out unless the documentation is correct the first time; and, second, this guidance on worrying about the resourcing later is being given out by an agency that is not in the transportation business, an

agency which is not responsible for meeting its unit cost goal or reaching a net operating result of zero. Something is wrong with this picture!

In 1992, USTRANSCOM's transportation responsibilities were expanded from war-time only operations to include peacetime movements. This occurred after Operation Desert Storm/Shield revealed that wartime transportation operations could be better served if USTRANSCOM components could train during peacetime. While full DTS operational responsibility became USTRANSCOM's, proponency for related movement procedures publications, account code structure, and guidance development and distribution remained the same--within the Logistics arena. This may have been due to the focus on training at the time; however, in deference to the age-old management principle of delegating authority with responsibility, full proponency should have transferred at the same time. This would have placed message distribution within the Transportation community, ensuring, in the best interest of its business enterprise, that component command accounting offices would be kept updated on TAC issues, changes, and deletions as would installation transportation offices. Such updates should preclude message and account problems as mentioned above, saving hundreds of thousands of dollars in rework costs.

Besides a disjointed hierarchy causing business problems for the transportation world, requirements established within MILSTAMP are tremendously manually intensive and time-consuming. A shipper, by definition, is any Service/Agency activity or vendor that originates shipments. The functions of a shipper are extensive and important. As stated in Volume I of MILSTAMP, "the shipper is the key to successful transportation documentation in the DTS. The cost of the movement and its proper funding are also directly dependent on the shipper [sic]

correctly preparing MILSTAMP documents."(1:2-A-1) Using worksheets, because there are no established forms, the shipper must assemble the following information to prepare transportation documents:

-the consignee--who receives the shipment, identified by a DODAAC (Department of Defense Account Activity Code) [when no assigned DODAAC, the sponsor service code followed by 5 zeros is used, then a clear text address must be entered on the transportation control movement document (TCMD)];

-transportation priority--fairly standard by service, but must be entered & may be changed.

-required delivery date--usually standard;

-project code--assigned by the requisitioner, identifying shipments which require special handling;

-shipment unit--basic shipment entity (pallet, railcar, tied together);

-transportation control number (TCN)--control number assigned to each shipment by shipper for control from origin to consignee (extensive construction instructions are explained in MILSTAMP); identifies military unit/government activity and function of shipment;

-pieces, weight, cube--four, five, and four character limitations respectively, due to 80-column-card configuration; and dimensions

-method of shipment--category/mode of shipping (air,water), usually prescribed in DoD Directive 4500.9 or the DTMR (lowest cost to government, then least fuel);

-national stock number (NSN);

-commodity--MILSTAMP codes set for air and water shipments (which are not adequate in data field length to correspond to transportation accounting systems commodity codes);

-APOE, WPOE (air/water port of embarkation)--MILSTAMP prescribed code for actual location of loading on the vessel (military or commercial), not merely port responsible for loading;

-APOD,WPOD (air/water port of debarkation)--code in another MILSTAMP appendix which identifies the final destination terminal--air or water;

-transportation account code (TAC)--determined by shipper for every shipment; codes or instructions for construction of code are found in Volume II of MILSTAMP;

-special data such as hazmat status.

After assembling the information, the shipper prepares the TCMD which lists all the data about a shipment. The TCMD is prepared on one of many format options, depending on shipment, for every shipment except unaccompanied baggage. Local carrier port agents are responsible for corrections, which explains one reason why the shipper may not feel compelled to complete the documentation totally or accurately. The TCMD is used to provide clearance authorities, ports, receivers, and other transportation personnel with advance notice of shipments and information necessary to process shipments through the DTS. When the TCMD is completed, the shipper must then obtain clearance for making shipment, and contact the booking office (OCBA). The booking office coordinates bookings with the military activity responsible for loading cargo and resolves problems.

The shipper then prepares additional shipment documentation (shipment label, bill of lading) which is applied to the shipment itself and includes addresses and most TCMD data; constituting a contract between the shipper and a carrier providing transportation and an order for services, and establishing a beginning point for reporting and collecting data on transportation

performance in the movement of the DTS shipment. The shipper applies address markings to each piece of a shipment unit; if air-shipped, three additional copies are mailed to the air terminal. The shipper then can effect shipment. This is a manually intensive process full of potential input errors because of the extensive use of codes and numbers.

Since all shipments must pass through a transportation booking office, and the booking agent has electronic capability to produce ATCMDs (advance TCMDs) to PODs, it would seem that, if MILSTAMP codes were loaded within the booking agents' system and crosswalked to data input entries of actual, recognizable names such as Charleston, S.C. the potential for error would be reduced. Further reductions could result from a single-source input process design by configuring the system to generate a hard-copy TCMD which could be attached to shipment pieces. In this scenario, the shipper would be responsible for accumulating necessary shipment data in plain English, presenting it to the booking agent after obtaining appropriate clearances. Upon data input within the booking system, data would be appropriately crosswalked to prescribed MILSTAMP codes. In addition, it could, then properly identify accounting system commodity codes through input of POE and POD (each port contract identifies its specific commodity codes and related rates), and generate a hard-copy TCMD and an electronically transmitted ATCMD as required within the DTS.

CONCLUSION

There is much room for improvement within current transportation processes and procedures, and tremendous effort is currently being expended at several layers of the Department of Defense to identify improvements. These recommendations only scratch the surface; however,

basic to good business management is the authority to develop guidance within that business enterprise for that business enterprise's operations. So long as the Logistics arena prescribes Transportation policy, there will continue to be underlying problems and unnecessary layering, coordination, and rework. If CINC, USTRANSCOM must certify transportation financial statements of business operations, give him the authority to formulate policy, requirements and procedures for operating his business. Streamlining will follow; single-source input is a CINC TRANS goal. Results will be significant savings--in Defense dollars, time and productivity.

RECOMMENDATIONS

For the Secretary of Defense

- Transfer MILSTAMP proponency from DLMSO to USTRANSCOM

For USTRANSCOM, upon receipt of MILSTAMP proponency

- Replace the several Service TAC message points of contct with one central TAC point of contact within USTRANSCOM. This office would be responsible for all TAC message distribution, to include updating the component command accounting systems through component command resource management offices.
- Include in transportation operations systems used at the booking offices redesigned crosswalk tables where every-day transportation terms, such as the *port* of embarkation instead of a MILSTAMP code, are translated to electronically transmit ATCMDs, produce hard copy TCMDs for attachment to cargo, book shipments, and translate this operational data to TAC and TCN information necessary for billing the customer. Under a system designed with

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